

MINUTES OF MEETING

These minutes have not been reviewed or approved by the RISLA Board of Directors. These minutes are being posted in order to be in compliance with the State Open Meetings Law. Board approved minutes will be submitted when available.

The 322nd meeting of the Rhode Island Student Loan Authority was held on Friday, February 27, 2015 in the McKenna Conference Room, 1st Floor, 560 Jefferson Boulevard, Warwick, Rhode Island.

Members in attendance:

Mr. Robert J. Delaney
Ms. Christine Barnes Jenkins
Mr. Robert R. Theroux
Mr. Seth Magaziner, General Treasurer, State of RI
Mr. Dennis R. Duffy, Esq.
Mr. Daniel Egan

Others in attendance:

Mr. Charles Kelley
Mr. Noel Simpson
Ms. Jennifer Dutch
Mr. Kevan McAleer
Ms. Deborah Machowski
Mr. Joseph Palumbo
Mr. James McGuirk
Mr. Kyle Lynch

The meeting was called to order at 8:10a.m. by Mr. Delaney.

Upon a motion made by Ms. Jenkins and seconded by Mr. Theroux, it was unanimously

VOTED to approve the minutes from the January 23, 2015 Board of Director's Meeting.

Chairman's Report

Mr. Delaney reported on his meeting with Ms. Heather Hudson from the Governor's office to discuss RISLA, its low interest loan rates and its loan forgiveness programs.

Executive Director's Report

Mr. Kelley discussed pending RI legislative bills regarding loan repayment assistance and amendments to RISLA's enabling statute concerning consolidation loans. Neither bill has been scheduled for a hearing and they have both been referred to the House Finance Committee. RISLA has reserved a table at the New England Board of Higher Education annual meeting and if any Board members would like to attend they can contact RISLA staff.

ACTION ITEM – Advertising at Academic Decathlon

Mr. Kelley explained that for the past couple of years RISLA has been a sponsor for the Academic Decathlon which is seeking RISLA's sponsorship again for the 2015 Academic Decathlon. Mr. Kelley said that more than 250 high school students from across the state will be in attendance. In the interest of full disclosure John Howell, a former RISLA Board member and current RIHEAA board member, is a member of the Board of Directors for the Academic Decathlon.

Upon a motion made by Mr. Egan and seconded by Mr. Duffy, it was unanimously

VOTED to approve \$2,500 for advertising at the Academic Decathlon.

ACTION ITEM – Awarding Contract for CFPB Compliance

Mr. McAleer reported on the bids for a CFPB readiness assessment and compliance with student lending laws. He stated that RISLA issued an RFP to solicit bids and received bids from four firms. He said that RISLA normally selects the lowest qualified bidder. He explained that the lowest bidder was disqualified because it had no experience in representing clients during an actual CFPB examination and has performed a single limited readiness assessment in anticipation of a CFPB examination. Mr. McAleer recommended the lowest qualified bidder Ballard Spahr, a law firm based in Philadelphia and Washington, based on their extensive experience with CFPB readiness assessments and responses to CFPB inquiries, their representation of clients in CFPB audits, and their overall expertise in student lending.

Upon a motion made by Mr. Theroux and seconded by Mr. Duffy, it was unanimously

VOTED to award the contract for a CFPB compliance audit to Ballard Spahr for a price not to exceed \$75,000.

ACTION ITEM – Awarding Contract for SOC 1 Audit

Mr. McAleer explained that RISLA issued an RFP to solicit bids to provide an audit report on servicing, origination and IT. He stated that RISLA received four qualified bids and was recommending the lowest qualified bidder, Berry Dunn, for a two year contract. He said the firm has extensive experience with SOC 1 engagements as well as information systems control reviews.

Upon a motion made by Ms. Jenkins and seconded by Mr. Magaziner, it was unanimously

VOTED to award the contract to Berry Dunn for a fee of \$72,000 for two audits (\$36,000 per year).

Update on Next Bond Issue

Mr. Kelley informed the Board that he, Noel Simpson, Chad Pastorius met with the rating agencies Standard and Poors and Fitch. He said pricing of the new bond issue would be in late March or early April.

ACTION ITEM – Issuance Cost Budget

Mr. Kelley reviewed the issuance cost budget with the Board. He stated that underwriter's fees were based on an RFP process and were comparable to similar rated transactions. He also noted that the budget was based on a \$45 million transaction, but the issue may not end up being that much.

Upon a motion made by Mr. Duffy and seconded by Mr. Theroux, it was unanimously

VOTED to approve the issuance cost budget.

ACTION ITEM – Bond Authorizing Resolution

Mr. Kelley and Mr. McGuirk reviewed the bond authorizing resolution with the Board. Mr. Kelley highlighted a reimbursement provision in the resolution which enables the Authority to be reimbursed from the proceeds of the Bonds for education loans funded by the Authority prior to the issuance of the bonds.

Mr. McGuirk explained that the authorizing resolution caps the bond issuance at \$43 million and that issuance costs would be paid by RISLA in an amount not to exceed \$550,000. He also said that an amount not exceeding \$3 million in existing eligible loans could be transferred into the trust estate and an amount not exceeding \$2 million provided from the Authority's available monies would be used as equity for the transaction.

Upon a motion made by Mr. Theroux and seconded by Mr. Egan, it was unanimously

VOTED to approve the bond authorizing resolution.

ACTION ITEM – Tax Resolution Declaring the Authority's Intent to be Reimbursed for Loans Made Before New Bond Closed

There was no need to vote on this action item because it was included in the Bond Authorizing Resolution Action Item.

Proposal for Internship Recognition Event

Mr. Kelley reviewed a tentative draft agenda of an internship recognition event that would give employers recognition for their involvement with providing internships and participating with bRIdge.jobs.

Policies for the Refinancing of Student Loans

Mr. Kelley gave a brief update on the Santander \$10 Million line of credit.

ACTION ITEM – Report and Recommendation of Personnel Committee re: Executive Director Performance Review

Upon a motion made by Mr. Theroux and seconded by Ms. Jenkins, it was unanimously

VOTED at 9:02 to enter executive session under RIGL 42-46-5(a)(1) the "Executive Director Performance Review."

At 9:10, open session was reconvened.

Mr. Delaney stated that one vote was taken, which was to accept the Personnel Committee's recommendation of an increase of 2% in the Executive Director's salary in line with salary increases given to other staff.

Upon motion duly made and seconded, it was voted to seal the minutes of the executive session.

Upon a motion made by Ms. Jenkins and seconded by Mr. Theroux, it was unanimously

VOTED to adjourn at 9:12a.m.

Mr. Robert Theroux
Secretary